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Message Text

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ATHENS FOR RTDO

E.O. 11652: N/A
TAGS: BENC, ETRD, IZ
SUBJECT: US FIRM RECEIVES DESIGN AWARD FOR UNIVERSITY
OF TECHNOLOGY

REF: BAGHDAD 1618

1. SUMMARY. AWARD OF DESIGN AND CONSTRUCTION SUPERVISION CONTRACT TO US FIRM, PERKINS AND WILL, EVIDENCES CONTINUED IRAQI INTEREST IN AMERICAN FIRMS DESPITE US-IRAQI BOYCOTT DIFFERENCES. END SUMMARY.

2. HANS NEUMANN, PRESIDENT OF THE INTERNATIONAL DIVISION OF THE CHICAGO-BASED FIRM, PERKINS AND WILL, REACHED AGREEMENT NOVEMBER 19 FOR DESIGN AND CONSTRUCTION SUPERVISION OF IRAQ'S NEW UNIVERSITY OF TECHNOLOGY TO BE BUILT ON BAGHDAD'S OUTSKIRTS. NEUMANN EXPECTS TO SIGN THE CONTRACT DECEMBER 1 WITH THE MINISTER OF EDUCATION.

3. THE UNIVERSITY OF TECHNOLOGY, WHICH MAY COST AS MUCH
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AS ID 150 MILLION (US 500 MILLION DOLLARS), IS TO ACCOMMODATE UP TO 16,000 STUDENTS, MAINLY IN ENGINEERING STUDIES. PERKINS AND WILL CONTRACT PROVIDES FOR COMPLETION OF THE DESIGN IN 41 MONTHS ENDING MID-1981. EDUCATIONAL CONSULTANTS ARE ARTHUR D. LITTLE OF CAMBRIDGE, MASS. LOCAL ASSOCIATES ARE THE IRAQI GOVERNMENT'S NATIONAL CENTER FOR ENGINECING AND ARCHITECTURAL CONSULTANCY.

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4. CONTRACT CULMINATES NEARLY THREE YEARS OF DISCUSSIONS BETWEEN IRAQI AUTHORITIES AND INTERNATIONAL ARCHITECTURAL AND ENGINEERING FIRMS. DURING PAST SUMMER, THE IRAQI GOVERNMENT NARROWED LIST TO THREE FIRMS -- PERKINS AND WILL, CRS DESIGN ASSOCIATES OF HOUSSJON, TEXAS, AND AN UNNAMED BRITISH FIRM.

5. NEUMANN SAID MOST DIFFICULT PARTS OF CONTRACT NEGOTIATIONS WERE BOYCOTT AND PAYMENT PROVISIONS. ON BOYCOTT, GOI EVENTUALLY ACCEPTED PROVISION THAT PERKINS AND WILL WILL ABIDE BY AND COMPLY WITH THE LAWS AND REGULATIONS OF IRAQ BUT IRAQIS REFUSED TO WAIVE EIGHT-POINT STATEMENT THAT FIRM HAS NO BRANCHES, ETC., IN ISRAEL. COMPROMISE ON PAYMENT PROVISIONS INCLUDED ESCALATION CLAUSE TO COVER POSSIBILITIES OF DELAYS IN CONSTRUCTION AFTER COMPLETION OF DESIGN.

6. COMMENT: THIS DESIGN AND CONSTRUCTION SUPERVISION CONTRACT IS FIRST MAJOR PROJECT AWARD TO A US FIRM IN NEARLY A YEAR, AND BRINGS TO THREE THE NUMBER OF US ARCHITECTURAL-ENGINEERING FIRMS REPRESENTED IN IRAQ. (OTHERS: THE ARCHITECTS COLLABORATIVE OF BOSTON, RESPONSIBLE FOR THE NEW UNIVERSITY OF BAGHDAD, AND BAGHDAD AND BASRA SHERATON HOTELS, AND ROGERS, BUTLER AND BURGUN OF NEW YORK CITY, A JOINT VENTURE WITH A LIMITED OFFICIAL USE

BRITISH FIRM FOR DESIGN OF THE MEDICAL CITY PROJECT.) OPPORTUNITIES FOR SUCH FIRMS REMAIN LIMITED, HOWEVER, TO THE NON-INDUSTRIAL SECTORS, BECAUSE INDUSTRIAL PROJECTS NEARLY ALWAYS ARE PLANNED AND EXECUTED BY THE IRAQI STATE ORGANIZATION FOR INDUSTRIAL DESIGN AND CONSTRUCTION (SOIDC).

7. USINT INTERPRETS AWARD AS EVIDENCE OF CONTINUED GOI INTEREST IN US FIRMS DESPITE US-IRAQI BOYCOTT DIFFERENCES. THOUGH THE IRAQIS DID NOT WAIVE ALL BOYCOTT PROVISIONS IN THIS EXAMPLE OF DANGLING THE COMMERCIAL CARROT, (SEE REFTEL) THE GOI WAS WILLING TO NEGOTIATE ON THE ISSUE AND DID MODIFY ITS STANDARD CLAUSE THAT THE CONTRACTOR MOST AGREE TO ABIDE BY AND COMPLY WITH THE REGULATIONS ISSUED BY THE ISRAELI BOYCOTT OFFICE IN BAGHDAD. WHEN THE NEW US REGULATIONS CONCERNING FOREIGN BOYCOTTS GO INTO EFFECT IN JANUARY, US FIRMS WILL NO LONGER HAVE THE OPTGYN OF PROVIDING THE EIGHT-POINT BOYCOTT STATEMENT AS PERKINS WILL DID, AND THE GOI WILL HAVE TO DECIDE WHETHER IT WANTS TO COME ONE STEP FURTHER IN REACH-ING AN ACCOMMODATION ON US-IRAQI BOYCOTT DIFFERENCES

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BY WAIVING THIS REQUIREMENT ALSO.
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Message Attributes

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